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A PERMANENT TARIFF COMMISSION

BY HON. ALBERT J. BEVERIDGE,
United States Senator from Indiana.

At the beginning of the last session of Congress I introduced a bill for a permanent tariff commission. This bill seeks to create a commission of experts to find out the facts upon which Congress builds a tariff and to make a classification of articles, to which Congress can plainly and accurately fix customs duties. The commission itself is not allowed to fix duties or even to suggest any rate. The fixing of duties is left to Congress. The commission is kept strictly to the task of gathering facts and making clear classifications; the first is expert investigating work, the second expert clerical work. Neither is properly legislative work. In short, by this bill the commission is an assistant of Congress, a servant of Congress. Of course the commission ought also to recommend rates; but in the present mind of Congress I realized that it is impossible to get such a provision passed; so I left it out.

It is the business men who must do business under the tariff, and therefore the American tariff should be a business men's tariff and not a politician's tariff. What is wanted is a scientific tariff that will do justice to all interests and to all men, and not a log-rolling tariff which does less than justice to some interests in order that it may do more than justice to other interests. What is wanted is a tariff which will open to our products the markets of foreign countries, and above all we want a tariff builded upon facts instead of suppositions.

The appeal to the only power which really rules this country, American public opinion, has forced from those who thought that the Dingley law is sacred, and that time which changes all conditions changed nothing with reference to tariff rates, a concession that they were wrong and that the Dingley law at last must be replaced by a law which will be up to date.

Next year when the Dingley law is revised it will have been in force nearly twelve years, a longer time than any tariff has lasted

since the Civil War, a longer time than any tariff except two has lasted since the foundation of this republic.

Yet during the last twelve years, conditions have been revolutionized, and the industrial world has speeded forward more rapidly than in any fifty years in our history; and what is now demanded is that the tariff rates of twelve years ago shall be made up to date. Tariff rates that twelve years ago may have been just, changing conditions to-day have, in some instances, made unjust now. And our tariff classifications—they are a generation old and, by rulings of the board of appraisers and the courts on new and unclassified articles, have been made chaotic and unintelligent. Surely these classifications should be made modern, clear and understandable.

In considering the problem of our customs duties we must remember that the first element is *the facts*. The tariff should be fixed by facts; how to get at these facts is the first question in the whole tariff problem. If any man needs the facts more than another it is the protectionist like myself, because we cannot wisely protect any business unless we know the facts about that business. In a purely revenue tariff some duties can be fixed without any facts, such as duties on coffee, tea, chocolate, tropical fruits; and other food necessities; for such a revenue tariff must include all of these because they are consumed by all of our people, not produced by any of our people, and therefore would be the best revenue producers of all imports.

Still the facts are also necessary to the advocate of a purely revenue tariff; for even such a tariff must sweep through thousands of articles because our needed revenue is so great. So the man who is for a purely revenue tariff should know the facts, and a man who is for a protective tariff must know the facts.

How then can we best find out the facts upon which a tariff should be based? Common sense and experience answer the question. We should create a body of experts to find out these facts for us. These men should be the fittest men that can be found for this work; they should give their whole time to this work and lay before Congress the result of their investigations.

This plan is followed in business. Our largest industries keep experts at work all the time finding out the facts on which every branch of their trade depends. They send such men to all parts of

the country and world to learn about new resources, trade conditions and everything which helps them to do their business wisely.

Again, when a court of equity must hear a cause where large and varied accounts are to be examined, or where masses of testimony are to be taken and shifted, the chancellor appoints a special commission to find out these widespread and mixed-up facts and lay them before the court classified and summarized.

Conditions have compelled us to do the same thing in government. For example, Congress created the Bureau of Corporations for this purpose. After years of thorough work by this bureau no man in any party proposes to destroy it, or stop its labors. The same is equally true of the Bureau of Labor.

The Senate some months ago ordered an investigation by these experts of a certain great trust. When it was proposed to stop this investigation the Senate, after full debate, refused to do so. Again, a few months ago the President sent a commission to Goldfield, Nevada, to find out the facts about the strike at that place, so that he could know whether to keep the nation's soldiers there or not; and everybody agreed that this was wise and necessary.

Again, Congress created the Industrial Commission to find out certain facts. The report of this commission and those of the Interstate Commerce Commission resulted in the law for the Department of Commerce and Labor, the Bureau of Corporations, the Elkins law, the Rate law, the Immigration law, and most of the reform laws of the last six years.

Again, Congress created the Merchant Marine Commission to find out the facts about our shipping and carrying trade; and while nothing has been done, yet we have the facts. Whether upon these facts Congress may think it wise to do nothing or to do something, still Congress has no longer the excuse of ignorance.

Again, more than twenty years ago a law was passed establishing the Interstate Commerce Commission. During most of its existence its duties have been chiefly and still largely are the finding of facts which Congress could not find—facts about rates, discriminations, and the like. No man in any party now proposes to abolish that commission or curtail its powers.

But if we thought it wise for the President to send a commission to find out the facts in so simple a matter as a strike at Goldfield; if it is wise for a chancellor to appoint special examiners and

commissioners to find out and report the facts in single cases; if the Senate directs the Bureau of Corporations to find out the facts about the doings of a single trust in a single branch of its activities, if Congress creates a body of men to find out the facts about any great business which the President thinks should be investigated, and if its work is so wise that no man in any party asks that that work be stopped, how much more should we create a body of men, specially fitted for the work, to find out the facts about our tariff, which is more important, more intricate, more difficult than all these other things put together.

If we provide experts to find out the facts about things which have to do with comparatively few of the people, how much more should we provide experts to find out the facts about a thing which has to do with all of the people. If we take such measures to learn the truth about matters which are easy to learn, how much more should we take similar measures to find out the truth about a matter that is hard to learn.

If it be said that we have no right to know the facts about any business, the answer is that when that business asks for protective duties, we can fix those duties only by knowing the facts about that business. If we fix duties only by what that business says it wants, its managers would be fixing its own tariff instead of our fixing its tariff. Its managers would be making a tariff law for themselves instead of Congress making a tariff law for the people. Would it not seem that any business or any man who is against the plan of having experts find out the facts, does not want the facts found out.

Our tariff covers thousands of items. Whether duties should be placed upon these articles is a question of fact. The amount of the duty is an even harder question of fact. Heretofore we have forced committees of the House and Senate to find out these facts. These committees do not work at the task all of the time. They work at it only when the tariff is being revised, which is about once in every ten years. Even then these committees work for but a few months, and only part of the time during these few months. That part of the time during these few months is not given wholly to the task of finding out the facts, but also to the fixing of duties upon these facts, considering how each of these duties affects the others, how each of them taken alone and all of them taken together

affect our foreign and domestic trade, and all of the other things that must be thought of in making a tariff.

For example, the Committee on Ways and Means of the House that framed the Dingley bill reported that bill the nineteenth day of March, 1897, so they did all the above work in less than three months. The Committee on Finance of the Senate took this bill and reported it back on the 4th of May, 1897, so the Finance Committee did all its work in six weeks.

Again, the Committee on Ways and Means of the House that framed the McKinley bill reported that bill the sixteenth day of April, 1890, doing the work in less than five months. The Committee on Finance of the Senate took this bill and reported it back the seventeenth day of June, 1890, so the Finance Committee did all its work in two months.

Again, the Committee on Ways and Means that framed the Wilson bill reported that bill the 19th of December, 1893, so they did all the work in a little over four months. The Committee on Finance took this bill and reported it back the twentieth day of March, 1894, so the Finance Committee of the Senate did all this work in three months.

Compare this with the work of other Senate committees. On January 27, 1904, the Senate instructed the Committee on Privileges and Elections (one of the ablest committees of the Senate) to investigate the case of Reed Smoot, a Senator from Utah. Two years and six months later that committee made its report. Of these thirty months some members of the committee were at work all the time; and the full committee worked in actual session six solid months. The committee was aided by associations and persons who employed attorneys, detectives, etc., to look up facts and find witnesses.

If it took a Senate committee two years and six months working in some form all the time, and working steadily as a full committee six solid months to find out the facts in a single phase of the life of a single Senator, as was true in the Smoot case, how could a House committee, working part of the time for a few months and a Senate committee working part of the time for a few weeks, find out all the facts about all the articles in our tariff on which that committee fixes duties?

Is it not plain that these committees, no matter how able, wise

and industrious, were overworked? Is it not asking too much of any man to crowd so much labor into so short a space? Is it fair to those committees? Is it fair to Congress? Is it fair to the thousands of American industries which, in their business, are affected by the tariff? Is it fair to the 90,000,000 of the American people who, as consumers, are affected by a tariff?

But not only are these committees forced to do this vast work in this brief time, but the members of these committees must do other heavy work at the same time.

For example, the present committee of the Senate which must do the Senate work of tariff revision is presided over by Senator Aldrich, but he is also a member of the committees on Interstate Commerce, Rules, Cuban Relations, etc.

The other members of the Senate committee are:

The Senator from Maine (Mr. Hale), but he is also chairman of the Committee on Naval Affairs, a member of the committees on Appropriations, Philippines, Census, Canadian Relations, etc.

The Senator from New York (Mr. Platt), but he is also chairman of the Committee on Printing and a member of the committees on Naval Affairs, Interoceanic Canals, Civil Service, etc.

The Senator from Iowa (Mr. Allison), but he is also chairman of the Committee on Appropriations, etc.

The Senator from Michigan (Mr. Burrows), but he is also chairman of the Committee on Privileges and Elections, a member of the committees on Naval Affairs, Philippines, Post Offices and Post Roads, etc.

The Senator from North Dakota (Mr. Hansbrough), but he is also chairman of the Committee on Public Lands and a member of the committees on the District of Columbia, Agriculture and Forestry, Irrigation, Library, etc.

The Senator from Pennsylvania (Mr. Penrose), but he is also chairman of the Committee on Post Offices and Post Roads and a member of the committees on Commerce, Education and Labor, Immigration, Naval Affairs, etc.

The Senator from Illinois (Mr. Hopkins), but he is also chairman of the Committee on Enrolled Bills and a member of the committees on Commerce, Census and Interoceanic Canals.

The Senator from Virginia (Mr. Daniel), but he is also a

member of the committees on Appropriations, Education and Labor, and is chairman of the Committee on Public Health.

The Senator from Colorado (Mr. Teller), but he is also a member of the committees on Appropriations, Philippines, Pensions, Mines and Mining, Geological Survey, and is chairman of the Committee on Private Land Claims.

The Senator from Mississippi (Mr. Money), but he is also a member of the committees on Foreign Relations, Railroads, Agriculture and Forestry, etc.

The Senator from Texas (Mr. Bailey), but he is also a member of the committees on Rules, Census, Irrigation, etc.

The Senator from Florida (Mr. Taliaferro), but he is also a member of the committees on Military Affairs, Coast Defenses, Interoceanic Canals, Cuban Relations, Post Offices and Post Roads, Pensions, and the Census.

We must suppose that each of these Senators attends to the work of every committee on which he is a member—otherwise why is he a member of those other committees? The same is true of the members of the Ways and Means Committee of the House. But it may be said further that an examination of their occupations does not show that the Ways and Means Committee of the House or the Finance Committee of the Senate are especially fitted by their occupations and life-work to act as experts in finding out the facts or arranging the classifications.

A list of the members of the Ways and Means Committee of the House of Representatives who framed the Dingley bill, shows that every member of that committee at that time, with two exceptions, was a lawyer; one was an editor and one was a wood manufacturer.

Take the present Ways and Means Committee of the House. A mere reading of their names and their occupations in the Congressional Directory does not disclose that they are especially fitted by their life-work for economic investigation—all of them but two are lawyers, one is a lumberman and one has no occupation at all.

But this is not all. Each one of these Senators and Representatives is busy with politics in his own state. Some of them are leaders of their party. Some of them are lawyers in active practice. Some of them are managers of great business interests. But suppose that not a man of them did anything in politics, business,

or law. Suppose every one of them were to quit all his work in the Senate and in the House except the work of the Finance Committee of the Senate and of the Committee on Ways and Means of the House. Suppose, for example, the Senator from Iowa (Mr. Allison) were to leave his tremendous duties as chairman of the Appropriations Committee; suppose the Senator from Maine (Mr. Hale) were to leave his duties, so delicate and so complex, as chairman of the Naval Affairs Committee; suppose that every member of this committee were to abandon every duty to which he is assigned on the other committees of the Senate and were to devote his entire time for the few months during the short period when the tariff is revised to the sole work of finding out the facts concerning thousands and thousands of articles, of fixing the duties on those articles, of considering their effect on domestic and foreign trade, on the producer and consumer, and all the other things, would it not be difficult for them to do that?

These committees have hearings, sometimes private, sometimes public. At the public hearings the committee rooms overflow with representatives of various interests. The private hearings are equally congested. Both are rushed and confused. At these hearings there is no time, no opportunity, to go into any one subject thoroughly; to test the statements there made; to verify supposed facts.

If any interest wishes to get an unjust rate of duty, the hurry, confusion, incompleteness of these hearings give that interest the chance; and the still greater hurry and difficulty of fixing the duties themselves adds to that chance—all this, of course, without any member of the committee knowing or intending to aid such an interest in such a way.

The most honest and alert man could not possibly prevent or even know about incorrect statements; and the best of men might be excused from making a tariff rate which they did not intend to make and which, had they known all the facts, they never would have made.

The whole work of these committees is rushed. Business waits to know the new duties; and so the committees are driven at greatest possible speed. How easy in this necessary haste for certain interests to get unjust rates without the committee knowing that they are unjust, as well as for the committees themselves to make mistakes both of fact and judgment.

Direct and positive evidence of the impossibility of a committee of Congress finding out the facts in the brief hearings which were given to various interests is furnished by the Hon. Sereno E. Payne, chairman of the Ways and Means Committee of the House. In a work entitled "The Making of America," Mr. Payne contributed an article on "The Tariff and the Trusts." In this article he says:

* * * * *

But let us first consider the history of trusts in the United States.

* * * * *

Perhaps as good an example as we can find of the earlier form of a trust is in "The Sugar Refineries Company," which was formed in 1887. The facts in respect to this company have been pretty thoroughly investigated in an action brought by the people of the State of New York against the North River Sugar Refining Company, which was one of the original parties to the deed of trust. This case is reported in full in 121 New York Reports, page 582. There were seventeen sugar refining companies which entered into this combination. Some of these companies were co-partnerships, others were incorporated.

Then follows a long and detailed account of the Sugar Trust, and Mr. Payne goes on:

Here, then, was a trust, pure and absolute, formed by these seventeen companies. Each put its property, and endeavored to place its franchise, under the control of a board which was to hold the property as joint tenants and as trustees, but had the power of absolute control. It was a trust pure and simple. . . . The board of trustees, formed as we have seen—[and now we come to the making of the tariff upon this matter]—forgot to carry out the original intention of the deed of trust. They did endeavor "generally to promote the interests of the parties hereto" with a vengeance, but they evidently did not keep the price of sugar as low as was consistent with reasonable profit. Notwithstanding the enormous watering of stock, dividends unheard of before were declared and paid upon the certificates issued by this board of trustees. As the product of this combination was a necessary of life required by every class of people, the excessive profits demanded soon called the attention of the people to the existence of this monopoly. Nobody objected to refining sugar in this country. Indeed, there was every reason why this business should be carried on exclusively in the United States in order to supply our markets. The object of forming the sugar schedule of the tariff in 1890, and again in 1897, was to learn, as nearly as possible, the exact cost of refining sugar, and then to adjust the tariff as to protect the labor interests, and no more. Investigation into this subject proved very irksome and troublesome. It was impossible to get at the exact facts, as the experts were not inclined to reveal the secrets of their business to the Committee on Ways and Means. Different statements were made as

to the cost of refining by different refineries, and then the best that could be done was a compromise rate for the differential duty between raw and refined sugar.

If it is said that, no matter how hard the work nevertheless these committees actually have done it in the past, one answer is suggested in the bills which these two committees reported when the tariff was last revised. I have carefully gone over the bill that Mr. Dingley reported to the House and which the House passed, also the bill which Mr. Aldrich reported to the Senate, and have tabulated the duties which these two bills fixed on the same articles. The duties fixed on most of them by the House bill differ widely from those fixed by the Senate bill, and in many cases the differences are so wide apart that they are startling.

For a few examples see table on following page.

In the cotton and woolen schedule, the steel and iron schedule, and the glass schedule the House and Senate differ on numerous items. Frequently the House fixed specific duties, the Senate ad valorem duties. Sometimes the House and Senate put articles on the "free list" and the conference committee put heavy duties on these very articles. Sometimes the conference committee disregarded the duties of both Senate and House and fixed different duties and on a different basis; yet the conference committee was in session only five days.

Could the Senate and House committees have had the same information? If so, why these wide differences? If they had the same facts, how could the divergence in their judgment as to what duties ought to be fixed on those facts have been so great as the examples I have given? Remember that the members of these committees were experienced, able, careful men, and a majority of each committee were high protectionists. What explanation can there be except that these two committees were differently informed, or insufficiently informed, or both? Had these facts been carefully gotten up by a body of expert men, specially fitted for that work and with plenty of time to do the work, could there have been these astounding differences?

But as serious a matter as finding out the facts, fundamental as that is, is the matter of classifications. Most of the classifications of the present law are over a generation old. Very few of them are modern and up to date. The reason of this is that when

DINGLEY BILL IN HOUSE AND SENATE.

Article.	Duty fixed by House Committee.	Duty fixed by Senate Committee.	Difference. Per cent.
Borax.....	2 cents per pound...	5 cents per pound...	150
Borate of lime.....	2 cents per pound...	4 cents per pound...	100
Boracic acid.....	3 cents per pound...	5 cents per pound...	66½
Fusel oil.....	¼ cent per pound...	¼ cent per pound...	100
Opium.....	\$6 per pound.....	\$8 per pound.....	36½
Nitrate of lead.....	2½ cents per pound...	1½ cents per pound...	66½
Phosphorus.....	20 cents per pound...	10 cents per pound...	100
Soda ash.....	¼ cent per pound...	¾ cent per pound...	50
Sea moss.....	Free list.....	10 per cent.....
Unmanufactured pumice stone.....	20 per cent.....	10 per cent.....	100
Spectacles, eyeglasses, etc., of a certain value, but not over 75 cents a dozen.	25 cents per dozen and 20 per cent.	40 cents per dozen and 20 per cent.	*60
Coral and spar.....	25 per cent.....	50 per cent.....	100
Railway fish plates or splice bars, iron or steel.	½ cent per pound...	4 cents per pound...	25
On certain knives.....	50 cents per dozen...	Duty omitted.....
On other knives.....	75 cents per dozen...	Duty omitted.....
Razors and razor blades of a certain value.	\$1 per dozen and 15 per cent.	50 cents per dozen and 15 per cent.	*100
On razors and razor blades of a different value.	\$1 per dozen and 15 per cent.	\$1.75 per dozen and 20 per cent.	*75
Scissors and shears of a certain value	50 cents per dozen and 15 per cent.	15 cents per dozen and 15 per cent.	†*333½
Files of a certain length.....	30 cents per dozen...	50 cents per dozen...	66½
Files of a different length.....	60 cents per dozen...	\$1 per dozen.....	66½
Planed or finished lumber.....	50 cents per M feet...	35 cents per M feet...	44½
On the same, if planed on one side and tongued and grooved.	\$1 per M feet.....	70 cents per M feet...	44½
Toothpicks.....	2 cents per M and 15 per cent.	1 cent per M and 15 per cent.	*100
Sugar cane, unmanufactured.....	20 per cent.....	10 per cent.....	100
Saccharine.....	\$2 per pound and 15 per cent.	\$1 per pound and 10 per cent.	†*100
Chicory root.....	1 cent per pound...	Free list.....
Cocoa butter.....	6 cents per pound...	3½ cents per pound...	71½
Substitutes for coffee.....	1¼ cents per pound...	2 cents per pound...	33½
Still wines.....	60 cents per gallon...	30 cents per gallon...	100
Certain cotton cloth.....	8 cents per square yard.	6½ cents per square yard.	23½
Stockings, hose, etc., of a certain value.	50 cents per dozen pairs and 15 per cent.	60 cents per dozen pairs and 15 per cent.	*20
Tow of flax, retted.....	\$22.40 per ton.....	\$11.20 per ton.....	100
Floor mattings.....	8 cents per square yard.	4 cents per square yard.	100
Carpets of a certain value.....	6 cents per square yard and 35 per cent.	10 cents per square yard and 35 per cent.	*66½

* In the specific part of the duty.

† And 33½ per cent in the specific part of the duty.

‡ And 50 per cent in the ad valorem part of the duty.

the committees come to revising the tariff in the great hurry I have shown has always existed and must exist, they were engrossed with the question of fixing duties, and so they took the language of the old classifications.

The result of this is that the importer very frequently does not know in what classification his import falls or what duty he pays. He must go first to the appraiser, who decides the question for him, and then, if dissatisfied, to the Board of Appraisers, and

if still dissatisfied, to the courts. In the last ten years since this law was enacted there have been 300,000 such cases decided, and 600,000 begun.

These boards of appraisers and the courts, by deciding a classification to which any import belongs, are legislating every day, just as much as Congress legislates when it fixes the duties.

And worse than this, these contests have cost the government and the importers millions of dollars; worse than this, this fact has lost to the importing industries many more millions of dollars; and far worse than all this, the industries thus affected have been confused, disturbed, and uncertain; and far worse than all this, the whole cost must fall upon the entire body of the American people, from whom the revenue is raised to pay the expenses of the government.

I should not myself care, if the imports were merely used by people who prefer foreign goods to American goods, how much they paid; but remember that more than two-thirds of all of our imports are for the use of American manufacturers, who work these imports up into finished products and then sell them here or abroad.

For want of an up-to-date and scientific classification there have been the most amazing varieties of articles arbitrarily classified by boards and courts which in doing it are legislating in the most astonishing way. I will give a single illustration. Section 193 of the Dingley law reads as follows:

"Articles or wares not especially provided for in this act, composed wholly or in part of iron, steel, lead, copper, nickel, pewter, zinc, gold, silver, platinum, aluminum, or other metal, and whether partly or wholly manufactured, 45 per cent ad valorem."

Under that paragraph our customs officers have subjected to the 45 per cent ad valorem the following articles: Stoves, implements, electrical apparatus, andirons, gold and silver boxes, tin or brass boxes, brass ball chains, brass buckles, brass tubes for bedsteads, brass wire, brass sheets, brick trowels, britannia metal ware, bronze crosses for churches, bullets, bull's-eye lanterns, buttons with metal shanks, cabs, carriages, carts, buggies, trucks, railway cars, automobiles, candelabra, cannon, metal capsules, iron castings, cast-steel tools, chafing dishes, chisels, church bells, coal scuttles, curry-combs, compasses, nails, copper spikes, copper wire, cranks and shafts, curriers' knives, daguerreotype plates, drawing instruments, dress trimmings in which metal is the material of chief value, em-

bossing dies, engravers' tools, enameled portraits, metal eyelets, pistols and other firearms, fluoroscopes, and metal foil.

These are only a few instances taken from an alphabetical arrangement of the tariff decisions, and I only got through letter F. It can be easily imagined to what extent these instances can be multiplied by going through the entire alphabet for the decisions under that paragraph alone.

Will anyone contend that a simple article like nails or wire necessarily requires the same amount of protection as so complex a mechanism as a revolver or an electric dynamo?

Is there any logic in classing buttons and stoves together?

Should bullets and buggies, should automobiles and bull's-eye lanterns pay the same duty?

Are farm implements and gold boxes in the same class?

Is there any connection between carriages and dress trimmings?

Why classify railway cars and enameled portraits together?

Why should cannon for war and crosses for churches be put in the same class?

Yet all these are in the same classification and pay the same rates.

But more absurd than this is the fact that they are put in the same classification by the appraisers and the courts, passing on each article because Congress did not classify them at all.

And as outrageous as it is absurd is the fact that nobody knew what duties these articles would have to pay until the guess of the appraisers and the courts filled up the holes in the law.

Compared with the scientific, clear, accurate classification of the German schedules, for instance, our classifications are confused, uncertain, chaotic. The German tariff places each article exactly where it belongs, plainly specifies it and fixes the duty to be paid on it in a marginal column so that every nation who sells goods to German producers and every German producer that buys goods from other nations knows precisely the duty that must be paid on almost every article. Of course, cases arise in Germany where the classifications of some articles are open to dispute; but such cases are rare compared with like cases in our tariff. In short, the German classification reduces confusion and doubt to the minimum; our classification raises confusion and doubt to the maximum.

How did Germany make her tariff classifications so much

clearer, simpler, and more accurate than ours? By the common-sense plan of having an expert commission arrange these classifications. But that was only a part of the work of the German commission. Years ago Germany saw that only a body of experts could get the facts and arrange the schedules for her tariff; she saw that the only work which the Reichstag could do was the fixing of duties to the items, the facts about which the expert commission found out and laid before the Reichstag. So Germany selected for this work thirty of the best fitted men to be found in the empire.

This commission consulted more than 2,000 trade and industrial experts. It investigated every phase of every industry in the empire which might bear upon the tariff. It considered all these industries both separately and in relation to the others. It carefully studied the tariffs of other countries. It gave due weight to Germany's export trade. In short, everything that goes into the making of a tariff was worked out to the smallest detail by this German expert commission. It spent almost six years at this work. It would not be necessary for our commission to work so long. For the German commission framed the bill; the general government then sent it to each state forming the German Empire, those states took a year to consider it, and then it was returned and a copy of the revised bill sent to every productive industry in the empire. It may be said that the German commission worked perhaps two years and a half on the labor which I am proposing our commission shall do. They laid the results of this work before the Reichstag, and upon that work Germany built her present tariff.

Japan, France, and other up-to-date countries follow the same plan. They came to see, as we are coming to see, that in no other way could a tariff be builded with knowledge and wisdom. By this plan and by maximum and minimum tariff the foreign trade of Germany has passed every other country, comparatively speaking.

The German Empire, with an area nineteen times smaller than the United States, and much of its land poor and unproductive, and with a population less than two-thirds as great as ours, nevertheless exports more than one and a half billion dollars' worth of German products, more than two-thirds of which are manufactured articles, whereas we export \$1,717,953,000 worth of products, most of which are raw material.

Only \$460,000,000, or 27 per cent, of our exports are manu-

factured articles, and \$226,000,000, or 13 per cent, are semi-manufactured articles, and of these, nearly all are steel, copper and petroleum, requiring so little skilled labor that they may be called raw material.

So we see that German exports of manufactured products are far greater than our own, and if our superior advantages in population and resources are considered their lead is astonishing, humiliating. It is her foreign markets that give Germany her industrial prosperity. Indeed, it is her foreign markets which enable Germany to live. The time is here when foreign markets for our manufactures are becoming almost as important to American industry as they are to German industry. This one fact alone commands us to take the same up-to-date, scientific steps with our tariff that Germany has taken with her tariff.

Only two objections are made to a permanent tariff commission. The first is that it is the business of Congress to do this work; but this whole paper has been an attempt to show that Congress cannot do this work and has not done it. With the growth of our trade and the enormous increase in the number of items covered by our tariff, everybody who knows anything about this subject knows very well that Congress cannot do this work in the future.

The second objection is that we once had a tariff commission, but that it amounted to nothing. We are told that Congress paid no attention to it. The answer to this is that the exact reverse of these statements is the truth.

It is a fact of history that the first and only scientific classification of the tariff schedules ever made in America was made by the Tariff Commission of 1882, and that classification adopted by Congress remains, with a few changes, to this day. The present classification is in substance the classification made by the Commission of 1882, with some detailed additions and some detailed subtractions; but the classification itself as a scheme of a tariff is kept practically intact to this day.

Every substantive recommendation of that commission was the foundation of nearly all our tariff laws since, such as the customs court, the administrative laws of the tariff for the Treasury Department; and its classification was the first scientific classification ever made in this country.

The classifications recommended by that commission were
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adopted as a scheme practically intact, and Congress even adopted the enormous majority of the duties recommended by the commission. This is merely a condensation into one sentence of what will be found by comparing the bill reported by the Commission of 1882 and the bill adopted by Congress in 1883.

And finally, a recent example—indeed, one immediately before our eyes—is absolutely unanswerable proof of the necessity of a tariff commission; proof, too, furnished by some of those who are the strongest foes of expert commission work in framing tariff laws. I refer, of course, to the present monetary commission. If it is necessary for a commission to investigate financial systems in order to devise a better one for ourselves, certainly the same process is even more necessary for the complicated, intricate and involved problems of a tariff. After all, the financial systems of the great commercial countries of the world are not profoundly dissimilar; they dovetail one into another without serious difficulty. But tariff systems do not adjust themselves so easily; indeed, they do not adjust themselves at all. They must be framed with precise and scientific reference to the tariff system of every other nation.

At the last session of Congress, when it was doubtful whether the new currency law could pass the Senate, I suggested to Senator Aldrich that he agree to a monetary commission to study the whole subject, and thus insure a thorough-going, business-like and scientific reform of our monetary system. Together with many other Republicans, I was not at all satisfied with the currency measure passed by the last session. It was at best a makeshift, as its principal advocates admitted—a mere temporary measure designed to tide the patient over a possibly critical period. It recognizes principles to which I, in common with many other Republican Senators, did not feel like committing myself without more exhaustive study, it refused to recognize other principles which some Senators did not feel like rejecting without more exhaustive examination.

In this state of uncertainty and with the plain fact before us that unless something further was done this measure would delay any sound and thorough-going financial reorganization, many of us hesitated to vote for it, but I thought that if a commission were appointed to explore the whole subject and report to Congress a comprehensive recommendation, any possible evil in this temporary

financial makeshift (the new currency law) would be minimized; while if this new currency law was not passed at all, there might be a danger of a brief recurrence of the recent panic. Possibly the new currency law will prove a success; but everybody admits that it is not a permanent solution of our financial problems.

To the suggestion of a currency commission, Senator Aldrich assented. Accordingly this was confirmed of record in open Senate; I asked Senator Aldrich in debate whether he would consent to such a commission, and he immediately replied with great frankness that he would and that he would expect such a commission to be authorized before Congress adjourned. Accordingly, such a commission was afterwards created.

This commission is a clinching proof that a tariff commission also should be appointed. Yet serving on this commission are several men bitterly hostile to a tariff commission—notably Senator Hale. Senator Hale is determined and aggressive in his opposition to a tariff commission; yet he not only favored the monetary commission, but consented to become a member of it; and not only that, but also is one of the most active, if not the most active member of the sub-committee of the commission now visiting Europe. Other examples might be given.

These men and many others like them frankly state their purpose to fight a tariff commission to the last ditch, yet here they are serving on a monetary commission. Some of this monetary commission are said to be at work upon our general tangle of financial legislation at home; others are in Europe, where they are supposed to be working night and day gathering information about the financial systems of the more advanced European countries. And yet every student knows that the facts necessary for the making of a tariff are harder to obtain and the various difficulties presented by customs laws far more numerous than those presented by a financial system, and equally delicate. Everybody knows, too, that all the financial laws of Canada and the various European countries are printed and available to any American student—certainly to any American commission that has the money to employ a translator. So are the debates, pamphlets, books and indeed the whole literature of the subject.

But in the case of the tariff, while the various tariff laws of other countries are at the disposal of the American student as much

as their financial laws, the facts relating to manufacture, labor, transportation and dozens of other matters equally important cannot possibly be obtained without expert investigation. So, if the monetary commission was advisable—and I heartily favor it—it is clear that the tariff commission is equally so—yes, far more so, to put the comparison very moderately indeed.

The truth is that the permanent tariff commission for which my bill provides is the most moderate legislation of this kind which Congress ought to think of passing. Scientifically speaking, a much more thorough commission with larger powers ought to be provided for. But a step at a time—until Congress is forced to a more sensible view of the business necessities of the American people we cannot hope for a really scientific, comprehensive tariff commission—one that would examine schedules and suggest rates; one that would constantly examine classifications and properly and scientifically modify them; and one whose recommendations as to rates and classifications Congress would follow after a business-like examination and without any playing of politics or partisan log-rolling. Indeed, it is a question whether much larger powers than these should not be given to a permanent commission. Three or four months after I introduced my tariff commission bill, Senator LaFollette introduced a bill which embraces all possible powers that a commission ought to have. There may be some question whether some of its provisions are practicable and advisable; but, on the whole, the LaFollette bill will repay the careful study of any one who is giving serious and modern-minded attention to this grave question.

I shall not go into the tariff question as such. Whether any man favors a purely revenue tariff, a straightout protective tariff, or any other kind of a tariff, Congress cannot do without this body of experts to help it with facts and classifications. Yet one brief word should be said at this moment about our tariff policy. We must have more foreign trade. We must open foreign markets to our live cattle, which are now kept out of those markets.

Our government should get the same advantages for American manufacturers in foreign trade that the German Government gets for German manufacturers in foreign trade.

American producers demand that the doors of other nations which are open to their rivals shall no longer be closed to them.

We cannot open these doors by a purely revenue tariff, because such a tariff gives other nations trade advantages with us without getting from those other nations any trade advantages in return.

We cannot open these doors by a purely protective tariff, because such a tariff gives other nations no trade advantages with us, but neither does it get any trade advantages from them.

We must have a system that gives us the same weapons that our rivals have, by which we can get for our producers the same favors that our rivals get for their producers.

We must have a double tariff, the first to apply to such nations as will not give our producers special favors in their markets, and the last to apply to such nations as will give our producers special favors in their markets.

When this demand was first made in Congress during the recent session we were met with arrogant refusal. Yet, within two months the statement was made on the floor of the House that when the tariff is revised it shall contain the maximum and minimum principle.¹

Every up-to-date nation, except Great Britain and ourselves, has now adopted the maximum and minimum tariff plan; and the agitation for this plan has begun in Great Britain.

¹The fight in the last session for modern tariff methods resulted in considerable progress, when we consider the fierce hostility to any change in our tariff procedure. We were told that there would be no revision of *any* kind—that position we overcame; that a double tariff would not be tolerated—that position we overcame; that no investigation during adjournment would be made—that also was abandoned and the Ways and Means Committee of the House was instructed to hold hearings; that experts would not be employed—but a compromise was accomplished by which the Finance Committee of the Senate is authorized and directed to employ experts from the executive departments of the government.

When my tariff commission bill was introduced, its best friends believed that nothing whatever could be accomplished; I, myself, felt that no progress could be made at the last session. All of us considered our efforts as the *beginning* of a long fight and nothing but a beginning. But public opinion crystallized so rapidly that Congress was forced to do something and the above points were yielded, reluctantly and one by one.

Great organizations of producers agitated the question all over the country. The National Association of Manufacturers—the greatest organization of manufacturers in the world—was especially effective. Indeed it may be said that this remarkable body of American business men head the fight among the people. The National Stock Breeders' Association, The National Grange, scores of commercial bodies all over the land heartily joined and worked tellingly for this plainly-needed and common-sense reform. It was the *first* time in our history that farmers and manufacturers, stock raisers and merchants ever *united* on any tariff proposition.

By it German producers are, comparatively speaking, selling more German goods abroad than any other nation.

Canada has just enacted a triple tariff; by this she has gotten a practical monopoly of her live stock in the markets of France.

Only Great Britain, Persia, Abyssinia and China now have purely revenue tariffs; only the United States and a few South American countries now have straightout protective tariffs.

Our rivals followed our plan of a single protective tariff and then logically developed that plan into a double protective plan. We must be as wise now as they were then; and just as they took the single protective plan from us, so now we must take the double protective plan from them. Our manufacturers, our cattlemen, our agriculturists, our miners, all our producing classes ask only the same advantages that their rivals have in the markets of the world. They demand no more than this; they will accept no less.

The conclusion of the whole business is that we must have a permanent tariff commission; and that our tariffs should be builded upon the information, classifications and general advice which this commission gives to Congress; and that during our next tariff period we must have a maximum and minimum tariff. It is too bad that under our constitution the autonomous conventional tariff of Germany is a practical impossibility. Next to the German tariff trade system, the maximum and minimum tariff is the best.